

**Administrative - Internal Use Only**

ODP 4364-77  
23 DEC 1977

MEMORANDUM FOR: Director of Weapons Intelligence

FROM : Clifford D. May, Jr.  
Director of Data Processing

SUBJECT : Availability of ODP 360/65 Computer  
Equipment for Project [REDACTED]

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1. Representatives of ODP have been in contact with [REDACTED] of your office concerning alternatives to the continued lease by [REDACTED] of 360/65 computer equipment for Project [REDACTED]. Review of our requirements in FY-78 and FY-79 indicates that an Agency-owned 360/65 computer and plug-compatible disk drives should be excess to ODP in October and July 1978, respectively. Barring any unforeseen contingencies, ODP will be able to provide this equipment to OWI for Project [REDACTED] for shipping and installation costs only. We estimate that use of the ODP-owned equipment and purchase by OWI of the remaining peripherals will result in a savings of approximately \$343,000 over continued lease of the equipment for the estimated five year systems life. (This approach will, however, require an added expenditure over continued lease in 1978 of \$80,000.)

2. The 360/65 configuration available from ODP will include the CPU, one million bytes of plug-compatible CDC core memory, three selector channels and one multiplexor channel. This exceeds the configuration currently under lease [REDACTED] (i.e., 512K bytes of memory, two selector channels and one multiplexor channel). The disk equipment (i.e., a controller and eight spindles) are Calcomp CD 22/14's -- plug-compatible replacements for the existing IBM 2314-type equipment. Table IV, in the Attachment, provides the specific model numbers of the equipment available from ODP.

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STATINTL 3. The above equipment will be considered OWI property and maintained on Agency property accountability records as such. OWI will be responsible for arranging and paying for maintenance of the equipment. In addition, OWI will be requested to pay for costs associated with the required ODP site surveys, packing and shipping of the equipment from Headquarters to the [REDACTED] and its installation there. (It is estimated that these costs will not exceed \$ 27,500.)

STATINTL 4. Table I in the Attachment provides, in summary form, cost estimates for various procurement options for the Project [REDACTED] computer equipment. Our analysis indicates that use of the ODP-owned 360/65 computer and disks is a cost-effective alternative to either purchase or continued lease of the installed equipment over the systems life (estimated by OWI personnel as five years.) Note that the currently installed equipment would have to be leased until the ODP replacements become available. Furthermore, the cost data show that it would be to OWI's long-range advantage if the installed peripherals not available from ODP (i.e., tape drives, printer, card reader/punch and keypunch equipment, designated Group A in Table II) or their equivalents were purchased as soon as possible. Using ODP-owned 360/65 equipment and purchasing the remaining peripherals (i.e., Option 4, Table I) would result in the estimated savings of \$393,000 mentioned above. Again the only drawback is the added \$80,000 expenditure over lease required in 1978 (compare Options 1 and 4 in Table I).

STATINTL 5. We have discussed these matters with the ADP&E Branch of Procurement Division, Office of Logistics and they are prepared to provide OWI with further assistance in exploring purchase of the peripherals. Our contact at ADP&E Branch has been with [REDACTED]. We suggest that your staff contact [REDACTED] if you wish to pursue this matter further.

STATINTL 6. If OWI wishes to make use of available ODP 360/65 computer equipment for the [REDACTED] Project, please sign on the concurrence line below and return. In this case, ODP agrees to make every effort, barring unforeseen contingencies, to provide replacements for the indicated disk equipment in July 1978 and the mainframe in October 1978, or earlier if the equipment becomes available. In this regard, OWI agrees to pay

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STATINTL for the charges incident to the equipment transfer (approximately \$27,500). Assuming the equipment is desired, I recommend that the technical details be clarified and a suitable logistical plan be developed as soon as possible to insure expeditious delivery of the equipment. With this in mind, I have designated [REDACTED] of the ODP Management Staff as the ODP point of contact. He may be reached on extension [REDACTED] for questions or planning discussions. STATINTL STATINTL

[REDACTED]  
Clifford D. May, Jr.

STATINTL Attachments: a/s

cc: [REDACTED] OL/PD/ADP&E

STATINTL CONCUR:

[REDACTED]  
\_\_\_\_\_  
Director of Weapons Intelligence

6 Jan 78  
\_\_\_\_\_  
Date

TABLE I  
COST COMPARISON OF PROCUREMENT OPTIONS FOR  
PROJECT [REDACTED] ADP EQUIPMENT

STATINTL

OPTIONS*	TOTAL COST 1978-1982 (Evaluated Cost in Paren.)**	ESTIMATED COST TO OWI (IN \$'s)*				
		ANNUAL COST				
		1978	1979	1980	1981	1982
1. Lease installed configuration.	967 (777)	225	205	190	178	169
2. Purchase installed configuration on 1 Jan. 1978.	726 (593)	187	192	197	73	78
3. Lease Group A peripherals through 1982. ODP provides Group B replacements in July 1978 and mainframe in October 1978. (Current equipment leased until ODP replacements available.)	655 (538)	230	106	105	106	108
4. Same as above, but purchase Group A peripherals on 1 January 1978.	574 (488)	305	60	65	70	74

See notes on following page for discussion of options and cost assumptions.

\*\* ADP procurement regulations require the use of discounted costs and the consideration of residual value for purchased equipment when comparing procurement options. The total cost and annual cost figures (not in parenthesis) do not include residual value and are not discounted; they represent actual estimated OWI out-of-pocket costs. The Evaluated Cost (in parenthesis) includes the residual value (computed at 10% of purchase price and credited in 1982) and a 10% annual discount rate. (In Option 2 the residual value of the purchased installed configuration is \$35K; and in Option 4, the purchased Group A peripherals are assigned a residual value of \$12K).

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Notes on Table I:

STATINTL The planned [REDACTED] configuration, as of 1 January 1978, is described in Table II. The configuration consists of a 360/65 mainframe (CPU, 512K bytes of memory, two selector and one multiplexor channel), peripheral equipment designated as either Group A or B and miscellaneous items designated as Group C. In estimating costs for the various options, the costs in Tables II and III for leased or purchased equipment were generally used (the equipment currently leased from IBM is an exception, see below). It should be emphasized that competitive procurement of leased or purchased equipment may result in even lower costs.

Presented below is a more detailed explanation of the procurement options in Table I and the assumptions made in developing costs for 1978 - 1982. (A list of ODP equipment available to OWI in Options 3 and 4 is presented in Table IV.)

- o Option 1: Lease installed configuration from current vendors (Randolph and IBM) through 1982.

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STATINTL All 1978 equipment lease and maintenance costs are [REDACTED] and IBM costs from Table II (IBM lease costs include maintenance). Randolph lease costs are assumed to decrease 15% annually in 1979 and beyond. Maintenance and IBM lease costs are assumed to increase 8% annually in 1979 and beyond. A [REDACTED] STATINTL of 19% has been added to lease and maintenance costs (to cover [REDACTED] overhead, G&A and profit, for items in the "reduced burden" category.) Group C items (i.e., EDOS and Librarian E software packages and the Gould Plotting System) are assumed leased at the cost in Table II with 8% inflation for 1979 and beyond. A [REDACTED] 34% has been added in this case since these items are in the "full burden" category.

STATINTL

- o Option 2: Purchase installed configuration from current vendors on 1 January 1978. Lease Group C items through 1982.

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Randolph purchase prices are from Table III. IBM purchase prices have been estimated from the "FY-78 Authorized ADP Schedule Price List" (assuming accumulated purchase credits of approximately 50% of the schedule price). Three annual payments at 10% interest (first payment 1 January 1978) are assumed. Maintenance and the [REDACTED] are as in Option 1 (except maintenance costs for equipment currently leased from IBM are estimated

Notes on Table I (continued)

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from the schedule). For the Evaluated Cost, the residual value is computed as 10% of the purchase price and credited in the 60th month. Group C is treated as in Option 1.

- o Option 3: Lease Group A peripherals through 1982. ODP provides replacements for Group B peripherals in July 1978 and mainframe during October 1978 (see Table IV). (Lease Group B peripherals and mainframe from Randolph until ODP replacement becomes available). Lease Group C items through 1982.

STATINTL

Lease, maintenance and [REDACTED] costs are the same as in Option 1. Group B peripherals and mainframe assumed leased through July and October 1978, respectively. ODP site survey, packing, shipping and installation costs for Group B peripherals and mainframe are estimated at \$7,500 and \$20,000, respectively.

- o Option 4: Same as above, but purchase Group A peripherals on 1 January 1978.

Payment for Group A peripherals made in January 1978. Remainder of cost calculations same as above.

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# I N V E N T O R Y

TABLE II\*\* Approved For Release 2001/08/07 : CIA-RDP83T00573R000600180001-9  
ATTACHMENT

STATINTL

PROJECT [REDACTED] 360/65 COMPUTER SYSTEM

1 January 1978

STATINTL

(proposed [REDACTED] prices)

					<u>Monthly Charges</u>
	<u>ODP Designator</u>	<u>Model No./ Serial No.</u>	<u>Base Rental</u>	<u>Maint* Charge</u>	<u>Total Rent</u>
Printer Keyboard	} Group A	1052-50341	\$ 70		\$ 70
Interchange Train Cartridge		1416-28929	101		101
Card Punch		29-D9553	90		90
Card Punch		29-K9552	90		90
Card Punch		29-10910	90		90
Total IBM Rent			\$ 441	*	\$ 441
Central Processing Unit	} Mainframe (Replacement	2065-60487	\$ 2,700	\$ 747	\$ 3,447
IBM 512K Core Memory		2365	1,200	900	2,100
Selector Channel		2860-60723	2,000	103	2,103
Multiplexer Channel	} Available from ODP)	2870-70373	1,500	132	1,632
Disk Storage Control		2314-10711	400	501	901
Disk Storage		2313-13448	300	0	300
Disk Storage	} Group B (Replacement	2312-10787	100	0	100
Control Unit		2821-11264	714	70	784
Printer		1403-30752	485	313	798
Card Read Punch	} Available from ODP)	2540-11342	401	179	580
Tape Control Unit		3803	442	112	554
Tape Unit		3420	395	105	500
Tape Unit	} Group A (con't)	3420	395	105	500
Tape Unit		3420	395	105	500
Total RCC Rent			\$11,427	\$ 3,372	\$14,799
Subtotal Reduced Burden			\$11,868	\$ 3,372	\$15,240
Gould Plotting System 5000B-06666-348	} Group C			184	184
Computer S/W Co. EDOS Software Pkg			160		160
Applied Data Research Librarian E			100		100
Subtotal Full Burden			\$ 260	\$ 184	\$ 444
TOTAL RENT			\$12,128	\$ 3,556	\$15,684

\* IBM includes maintenance charges in base rental.

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\*\*Source: Memo to CIA/OWI [REDACTED] Project  
[REDACTED], Subject: Computing  
Equipment Lease/Purchase Costs, dated  
27 Sept. 1977 ("ODP Designator" added by ODP)

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TABLE III\*\*

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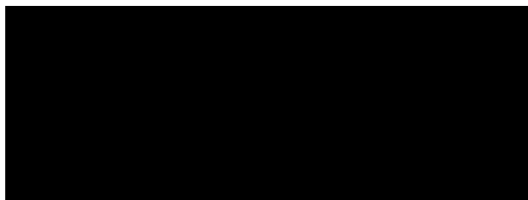
ATTACHMENT

## PROJECT [REDACTED] 360/65 PURCHASE PRICES

5 October 1977

<u>Description</u>	<u>Model No.</u>	<u>Price</u>
Central Processing Unit	2065-III	\$ 77,352
Core Memory (512K bytes)	2365 (7,500 per 256K)	15,000
Selector Channel	2860-2	57,297
Multiplexer Channel	2870	62,351
Disk Storage Control	2314	7,500
Disk Storage	2313	5,625
Disk Storage	2312	1,875
Control Unit	2821-1	33,469
Printer	1403-N1	22,734
Card Read Punch		18,797
Tape Control Unit	3803	11,835*
Dual Density Feature	3551	1,315*
Tape Unit (3)	3420-5 (9,160 each)	27,480*
Dual Density Feature (3)	3550 (2,122 each)	6,366*
		<hr/> \$348,996

The above prices were obtained from:



\*Includes prior rental credit

\*\* Source: Memo to CIA/OWI [REDACTED]  
Project [REDACTED], Subject:  
Revised Computer Purchase Prices, dated  
5 October 1977

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TABLE IV: 360/65 Equipment Available from ODP

ODP Designator	Equipment Available from ODP	Model No.*	Date Available	Currently Installed Equipment	Cost to OWI
Mainframe	CPU	2065	Oct 1978	2065-IH	} ≤ \$20,000 (for packing, shipping, installation and ODP site survey)
	Memory (1MB)	CDC 23065	Oct 1978	2365 (512K)	
	Selector Channel	2860-3	Oct 1978	2860-2	
	Multiplexor Channel	2870	Oct 1978	2870	
Group B	8 Disk Drives and Controller	Calcomp CD 22/14	July 1978	2314/2313/2312	} ≤ \$ 7,500 (packing, shipping, installation and ODP site survey for Group B)

\* All IBM, except as noted.

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ODP STAFF SUMMARY SHEET

STATINTL

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SUBJECT:

Replacement of 360/65 equipment leased by OWI [REDACTED]  
by excess ODP-owned equipment.

PURPOSE OF ACTION:

Notify D/OWI of the availability of ODP excess equipment of use  
to OWI.

ACTION OFFICER (Incl. Ext.)

REFERENCES:

None

RESOURCE PACKAGE & COSTS (If applicable):

None

THIS PAPER IS FOR YOUR:

COMPONENT/ OFFICER	INFORMATION/ COMMENT	CONCURRENCE	APPROVAL/ SIGNATURE	INITIALS	DATE
DD/P	see note	X		QJ	23 Dec
C/MS		X			
D/ODP			X		

DISCUSSION:

[REDACTED] leases a 360/65 computer and associated peripherals from the [REDACTED] and IBM. The 65 is used exclusively to support OWI contracts (primarily Project [REDACTED]). The lease costs are passed with overhead directly to the OWI contracts. OWI (and [REDACTED]) interested in minimizing computer-related costs to, among other things, have more money available for analysis. OWI came to ODP for guidance and/or excess equipment. Engineering Division agrees that ODP will be able to provide the 360/65-1 in Oct. 1978 or sooner (the 65-1 will be declared excess when CAMS moves to the 158) and 8 Calcomp 2314-compatible disk drives (with controller) in July 1978. Use of this equipment and purchasing the remaining installed peripherals or equivalents would result in a savings of \$393K as compared to lease over the five year systems life.

23 Dec 1977

DATE

ADD TO OFFICIAL FILE YES ☒ NO ☐

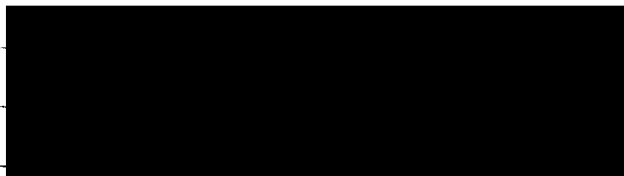
(UNCLASSIFIED)

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SECRET

I still don't understand  
the big hurry on this.  
"Barring any unforeseen circumstances"  
doesn't seem to convey the necessary  
caution. The chair of events  
that must take place in advance  
of our releasing the 65, almost  
guarantees slippage. Let's be  
a little more cautious in  
spelling this out for OWI

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# ROUTING AND RECORD SHEET

STATINTL

SUBJECT: (Optional)

Availability of ODP 360/65 Computer Equipment for Project [REDACTED]

FROM:

Clifford D. May, Jr.  
Director of Data Processing

EXTENSION

NO.

ODP 4364-77

STATINTL

DATE

23 DEC 1977

TO: (Officer designation, room number, and building)

DATE

OFFICER'S  
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

STATINTL

1. D/OWI

5F46 HQS.

6 Jan

2.

29 Dec

3. D/ODP

2D0105, HQS.

Original with signature to be returned to ODP.

4.

5.

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